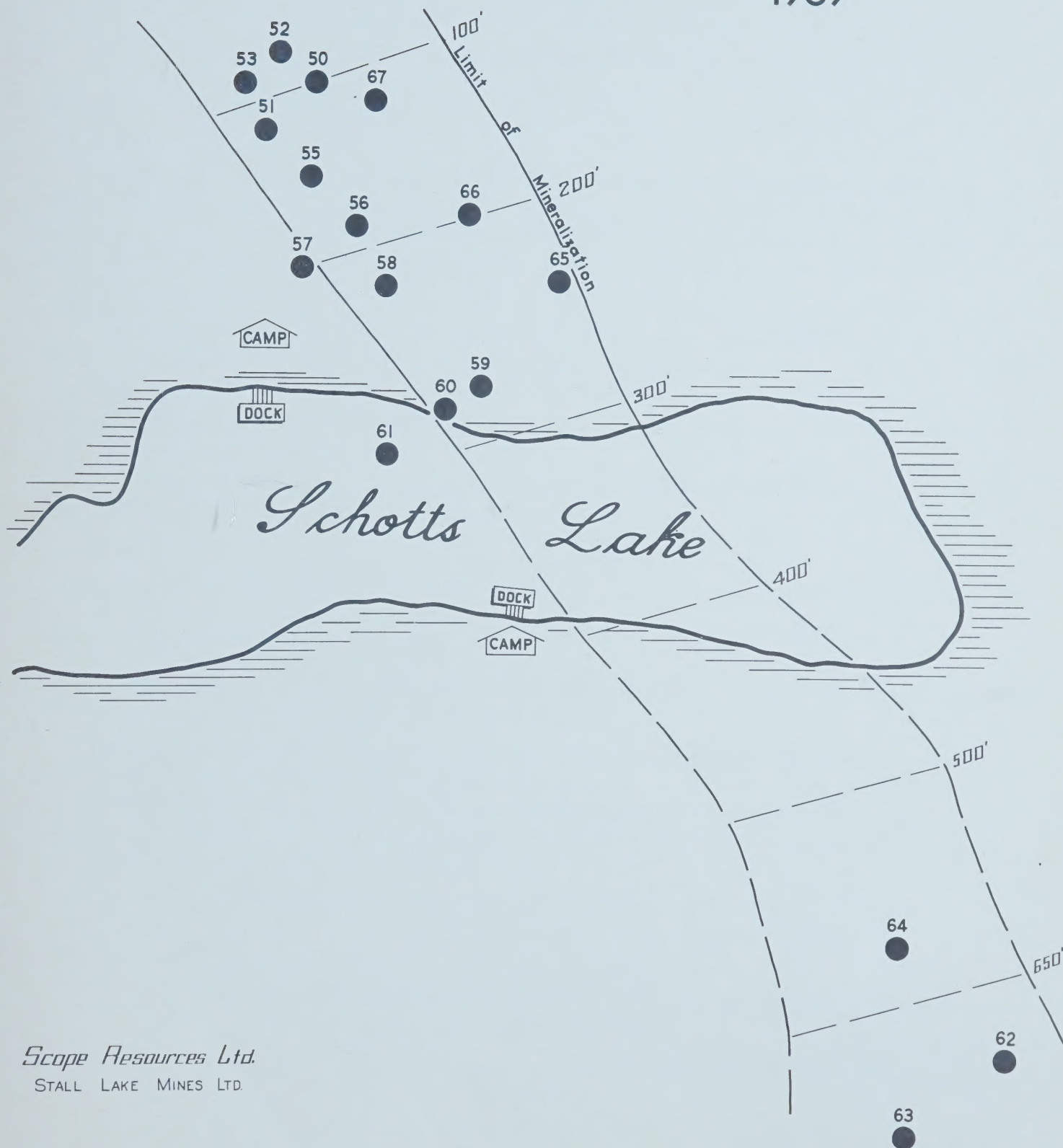


*Scope Resources Ltd.*Annual Report
1969

BOARD OF DIRECTORS:

D. A. Harvey
W. J. McSorley
W. Voth
J. B. McSorley

OFFICERS:

D. A. Harvey	President
W. J. McSorley	Vice-President
B. S. Thompson	Secretary
J. B. McSorley	Treasurer

AUDITORS:

McDonald, Currie & Co.
Winnipeg, Man.

GENERAL COUNSEL:

A. S. Dewar, Q.C.
Thompson, Dilts & Co., Winnipeg, Man.

CONSULTING GEOLOGIST:

Prof. W. C. Brisbin, P.Eng.

TRANSFER AGENTS:

Montreal Trust Co.
Winnipeg, Man.
Calgary, Alta.

STOCK LISTED:

THE WINNIPEG STOCK EXCHANGE
THE CALGARY STOCK EXCHANGE

Your Board of Directors are pleased to submit the Annual Report accompanied by the Financial Report for the year 1969.

The highlights in the continued reactivation of the company for the past year have been:

- A. Raising of \$74,000.00 for the company through a fully subscribed rights offering.
- B. Completion of Phase I and Phase II of the exploration and development of Mineral Lease 5018 in the Wildnest Lake area of Saskatchewan jointly held on a 50 - 50 basis with Stall Lake Mines Ltd.
- C. Increased the company's share interest in Stall Lake Mines Ltd.
- D. Investigated opportunities for diversification in line with our amended company charter.

WILDEST LAKE, SASKATCHEWAN

Phase I

This property consists of 48 claims in the Wildnest Lake area approximately 25 miles north-west from Flin Flon Manitoba. An 11 hole diamond drill program was commenced in January and completed in February. This phase confirmed the existence of the known mineralized zone and at the same time filled in gaps of previous drilling done by Hudson Bay Mining and Smelting Co. Ltd.

Phase II

This phase consisted of 6 diamond drill holes of which 3 were on the opposite side of the Lake to the known mineralized zone. All three of these holes encountered mineralization, with a very narrow intersection assaying 3.67% copper.

The other 3 diamond drill holes were somewhat to the north of the known mineralized zone. Assay values were encouraging.

These and other pertinent drill assays are listed on the back cover of this report (Page 8). Prof. W. C. Brisbin's report concerning this property is located on page 6.

Phase III

A drilling program is currently underway in an effort to improve grade and increase tonnage.

STALL LAKE MINES LTD.

As Scope Resources Limited is the largest shareholder in Stall Lake Mines Ltd. it is felt desirable that a few remarks are necessary concerning this company.

Falconbridge Nickel Mines Limited are at present carrying out a feasibility study on the best method, terms and conditions of bringing Stall Lake Mines Ltd. property at Snow Lake, Manitoba into production. Diamond drilling has indicated an ore body of approximately 700,000 tons of ore averaging over 5% copper and 4% zinc respectively, with additional values in gold and silver. Particulars of this ore body are as shown on page 7.

This will be an important source of income in the future for your company.

OTHER INTERESTS

The company has continued to seek opportunities to diversify in line with our broadened company charter.

Negotiations were entered into with an integrated wood operation for acquisition. Due to circumstances beyond our control this matter was put in abeyance.

With 80% of our 800 shareholders Manitobans, your directors and officers will endeavour to have your company "Growing to beat 70" in Manitoba's Centennial Year.

SCOPE RESOURCES LIMITED
— BALANCE SHEET —
AS AT DECEMBER 31st, 1969

— ASSETS —

Current:				Comparative Figures for 1968
Cash in Bank		\$	389.77	\$ 102.56
Accounts Receivable			344.27	
	Total Current Assets	\$	734.04	\$ 102.56

	Market Value	Book Value		
OTHER ASSETS:				
Shares in Stall Lake Mines Ltd.				
70,560 Escrow Shares (85,680 1968)		\$ 48,321.23		\$ 58,602.83
146,140 Free Shares (117,120 1968)	(\$1.30 each)	100,170.64		68,632.02
Note "1"	(\$189,982.00)			
Shares in Schott Lake Mines Ltd.				
360,000 Escrow Shares		3,600.00		3,600.00
40,000 Free Shares Note "2"		400.00		400.00
Shares in Dickstone Copper Mines Ltd.				
4,000 Free Shares	(\$ 2,600.00)	2,660.00		
50% Interest in Mining Claim (Cost)	1,550.00			1,550.00
			156,701.87	\$132,784.85
Office Furniture			52.50	
Organization		\$ 2,170.51		\$ 2,170.51
Charter Cost-Inter-Mountain Forest Industries Limited		810.35	2,980.86	
Automobile				1,155.00
Administration, Development & Exploration Expenses — Deferred			266,798.32	238,767.47
			<u>\$427,267.59</u>	<u>\$374,980.39</u>
TOTAL				

NOTE "1" — Market Values December 31st, 1969.
 "2" — Shares into account estimated value 1¢ each.
 "3" — Shares sold in rights offering 25¢ each.

— LIABILITIES —

Current:				
Note Payable and Interest Accrued 7%				\$ 4,090.00
Accounts Payable		\$	1,322.79	897.54
Loans Payable			18,000.00	2,000.00
	Total Current Liabilities	\$	19,322.79	\$ 6,987.54
Other Liabilities:				
Bank Loans (Secured)				36,172.25

— SHAREHOLDERS' EQUITY —

Capital Stock:				
Authorized: 3,000,000 Shares No Par Value				
	No. of Shares	Amount		
December 31st, 1968	2,077,094	\$290,697.45		
Issued and Fully Paid — 1969	296,728	74,182.00		
Note "3"	2,373,822	\$364,879.45	\$364,879.45	290,697.45
Surplus:				
Balance December 31st, 1968		\$ 41,123.15		
Add: Proceeds from Shares sold	\$ 3,314.20			
Deduct: Cost of Shares sold at 1969 average cost	1,372.00	1,942.20	43,065.35	41,123.15
APPROVED ON BEHALF OF THE BOARD				
D. A. HARVEY (Signed)	Director			
W. J. McSORLEY (Signed)	Director			
TOTAL			<u>\$427,267.59</u>	<u>\$374,980.39</u>

TO THE SHAREHOLDERS OF SCOPE RESOURCES LIMITED
AUDITORS' REPORT

We have examined the Balance Sheet of Scope Resources Limited as at December 31st, 1969 and the Statements of Administration, Development and Exploration Expenses — Deferred and Source and Application of Funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary under the circumstances.

In our opinion, the Balance Sheet and accompanying Statements present fairly the position of the company as at December 31st, 1969 in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Reported by,
 Matheson, Green & Co.
 Chartered Accountants

SCOPE RESOURCES LIMITED
Administration, Development and Exploration
Expenses — Deferred
For the Year Ended December 31st, 1969

Balance — December 31st, 1968		\$238,767.47
Add:		
Development, Exploration and Drilling Expenditures ML5018		21,596.50
Administration:		
Transfer Agents Fees	\$ 1,081.79	
Rent, Office & Telephone	884.88	
News letters, Reports & Meetings	517.75	
Travel	256.61	
Interest & Exchange	521.94	
Postage & Printing	326.67	
Accounting Services	854.00	
Audit	435.00	
Legal	100.00	
Auto	885.46	
Auto — Write off Balance of Auto Sold	855.00	
	<u>\$ 6,719.10</u>	
Deduct: Interest Earned	<u>284.75</u>	<u>6,434.35</u>
BALANCE — DECEMBER 31st, 1969		<u><u>\$266,798.32</u></u>

SCOPE RESOURCES LIMITED
Source and Application of Funds
For the Year Ended December 31st, 1969

Source of Funds:		
Rights Offering		
296,728 Shares @ 25¢	\$ 74,182.00	
Sale of 2,000 Shares		
Stall Lake Mines Ltd.	3,272.80	
Other Receipts	341.40	
Non Cash — Auto Written off	<u>855.00</u>	<u>\$ 78,651.20</u>
Application of Funds:		
Development ML5018	\$ 21,596.50	
Purchase of Shares —		
15,900 Stall Lake Mines Ltd.	22,629.02	
4,000 Dickstone Copper Ltd.	2,660.00	
Bank Loans Paid	36,172.25	
Charter Cost	810.35	
Office Furniture	52.50	
Administration Expenses	<u>6,434.35</u>	<u>90,354.97</u>
Decrease in Working Capital		<u><u>\$ 11,703.77</u></u>

Working Capital	December 31st, 1968	December 31st, 1969	Increase (Decrease)
Current Assets	\$ 102.56	\$ 734.04	\$ 631.48
Current Liabilities	\$ 6,987.54	19,322.79	12,335.25
Working Capital	<u>\$(6,884.98)</u>	<u>\$(18,588.75)</u>	
DECREASE IN WORKING CAPITAL			<u><u>\$11,703.77</u></u>

RESULTS OF RECENT DRILLING WILDNEST PROPERTY, SCHOTT LAKE, SASKATCHEWAN

During the fall and early winter of 1969, six diamond drill holes were completed on the Wildnest property, Schott Lake, Saskatchewan. The first three of these holes (No. 62, 63 and 64) were drilled on the east side of the lake to explore the down dip extension of the zone of mineralization. The latter three holes (No. 65, 66 and 67) were located on the west side of the lake and were drilled to delineate the northern limits of the zone and, as well, to provide better control for calculations of tonnage and grade. The results of the drilling are listed in the following table:

Hole No.	Intersection Interval	% Cu	% Zn
62	Average for 12.0 feet, 799.0 to 811.0	0.27	Tr
63	Average for 22.5 feet, 740.0 to 762.5	0.06	no assay
64	Average for 6.5 feet, 781.0 to 787.5	0.93	no assay
* 65	Average for 52.0 feet, 270.0 to 322.0	0.38	1.84
* 66	Average for 25.0 feet, 235.0 to 260.0	0.96	5.48
* 67	Average for 10.0 feet, 161.1 to 171.1	1.71	3.48

* Note: In hole No. 65 a 10.0 foot interval has average copper assay of 0.76%
In hole No. 66 a 12.5 foot interval has average copper assay of 1.37%
In hole No. 67 a 6.0 foot interval has average copper assay of 2.43%

The position of the mineralization encountered in holes No. 62, No. 63, and No. 64, on the east side of the lake, is consistent with the down dip extension of the mineralized zone as it has been established to the west. At present it is not possible to establish dimensions, or trends of thickness and grade in this portion of the body because of the wide spacing of existing holes.

The calculation of tonnage and grade has been made of only that portion of the mineralized zone on the west side of the lake (from the outcrop of the mineralized zone to the western shoreline of the lake). In this area the drill data indicates that the zone strikes N 35°W and dips approximately 18° to the northeast. The down-dip length from the outcrop to a point beneath the west shore of the lake is approximately 1,300 feet. The width, measured parallel to the strike, varies from 500 feet to 175 feet. True thickness is variable; some values as great as 53 feet have been determined.

The tonnage and grade estimate is based on data from all available drilling west of the lake, and the calculations assume linear variations in grade and thickness between holes. The limits of the mineralized zone chosen for the calculation were:

- (a) Minimum grade: 0.50% Cu or 2.00% Zn
- (b) Minimum true thickness: 7.0 feet.

The indicated tonnage and grade, excluding dilution effects, are as follows:

- (a) Tonnage: 895,343 short tons
- (b) Average grade copper: 0.76%
- (c) Average grade zinc: 1.62%

Gold and silver values are generally low and have not been included in the calculations.

The results of the exploration, conducted to the present time, have led to a recommendation for a program of additional drilling to establish grade and dimensions of the zone in the down dip direction, specifically beneath, and along the east side of the lake.

Excerpts of this report should not be reproduced out of context without the written permission of the author.

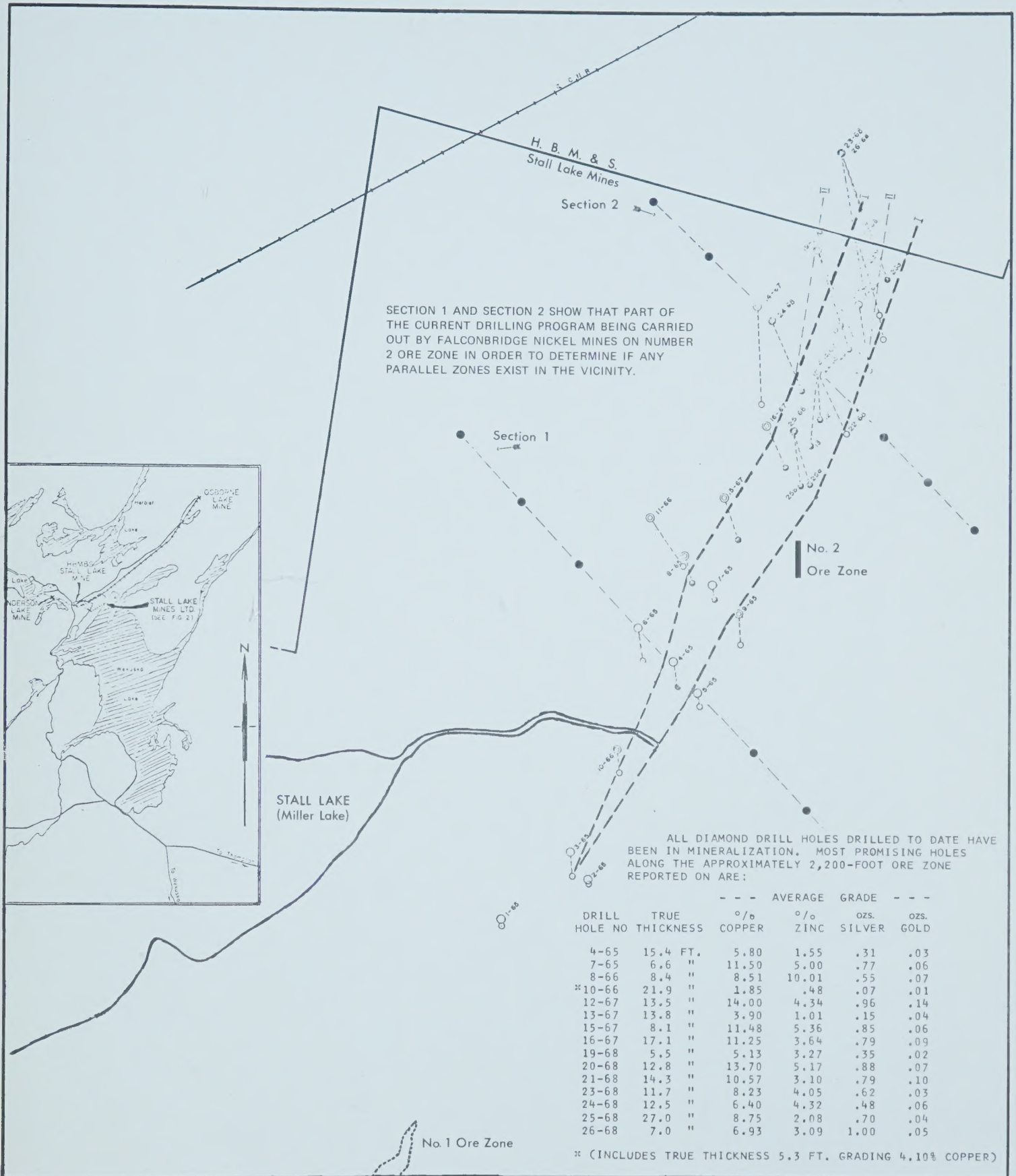


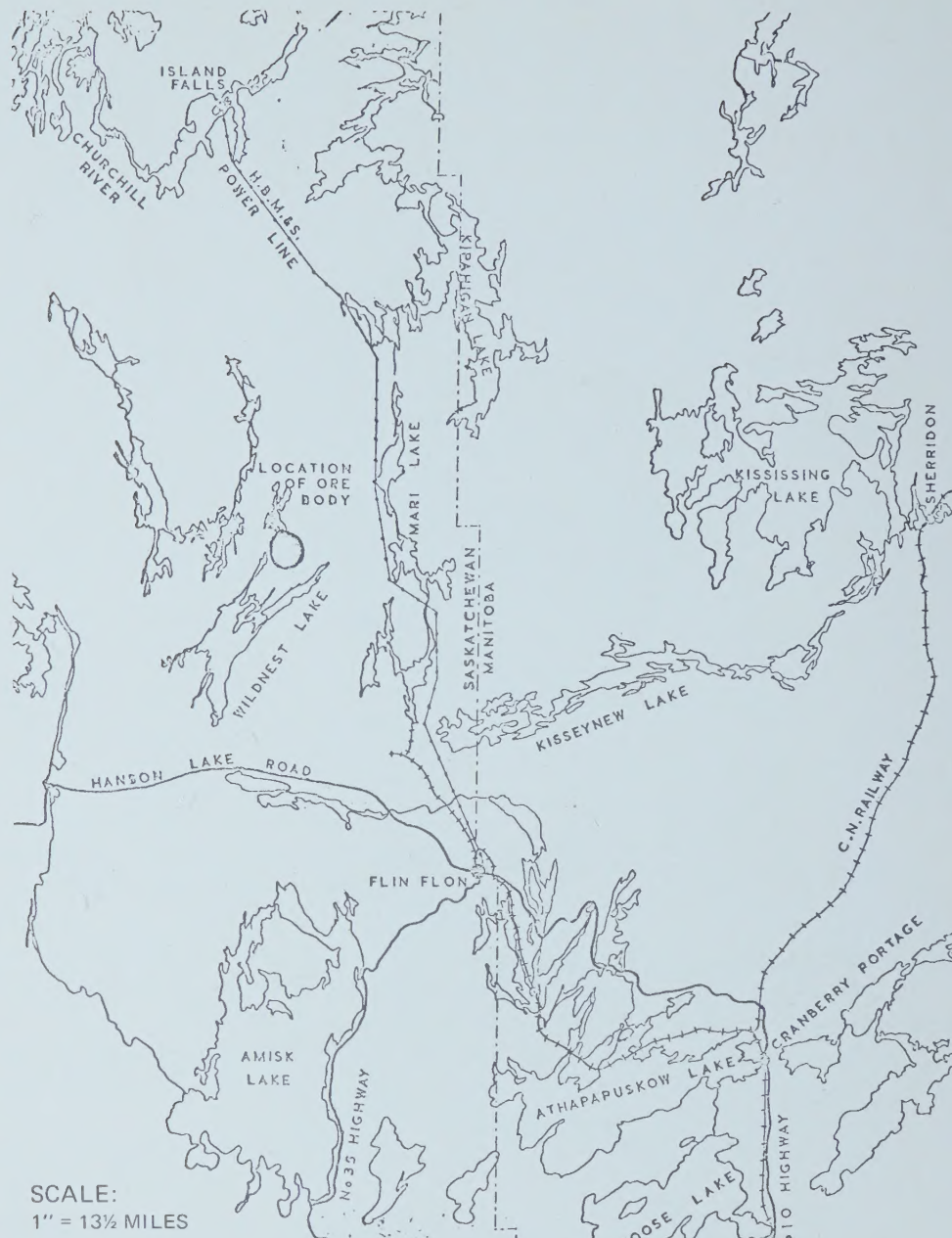
Respectfully submitted,

A handwritten signature in dark ink, appearing to read "W. C. Brisbin".

W. C. BRISBIN, P.Eng.

Feb. 14, 1970.





DRILLING RESULTS – WILDWEST LAKE

D.D.H. No.	Depth	Width of Mineralization	Cu	Zn	Au	Ag	D.D.H. No.	Depth	Width of Mineralization	Cu	Zn	Au	Ag
1.		54.8	1.10	1.83	.06	.24	53.	81	2.8	1.65	.56		
3.	317	10.6	.62	.19	.013	.41	55.	212	27.4	1.04	.25		
4.		2.5	4.30	3.30	.020	.82	56.	257	22.1	.65	.33		
9.	200	14.5	.93	1.58	.001	.07	58.	286	10.8	.70	.63		
13.	286	18.9	2.50	.17	.014	.050	60.	356	6.0	.46	.47		
15.	291	41.0	.86	1.40	.007	nil	62.		12	.27	tr		
19.	321	1.8	2.30	.70	tr	tr	63.		22.5	.06	No Assay		
35.	956	5.5	2.07	.01	.012	1.37	64.		6.5	.93	No Assay		
39.	432	16.6	.47	1.50	.01	.29	*65.		52.0	.38	1.84		
42.	503	16.0	1.17	.40	.02	.50	*66.		25.0	.96	5.48		
44.	482	55.7	.98	.50	.01	.12	*67.		10.0	1.71	3.48		
45.	502	9.0	1.90	tr	.01	.35							
46.	635	2.5	1.00	3.30	.01	.35							
51.	124	14.9	.92	.61									
52.	138	7.1	.96	.19									

*In hole No. 65 a 10.0 foot interval has average copper assay of 0.76%

*In hole No. 66 a 12.5 foot interval has average copper assay of 1.37%

*In hole No. 67 a 6.0 foot interval has average copper assay of 2.43%